

**State of Alaska
FY2003 Governor's Operating Budget**

**Department of Education and Early Development
K-12 Support
Budget Request Unit Budget Summary**

K-12 Support Budget Request Unit

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BRU Mission

To provide financial support to Alaska's public schools.

BRU Services Provided

The K-12 Support BRU contains the formula programs within the Department of Education & Early Development and other supplemental programs. These programs provide the primary financial support to Alaska's 53 school districts, Mt. Edgecumbe Boarding School and Alyeska Central School, Alaska's centralized correspondence study program.

The funding for each program is reviewed annually to ensure accuracy and fairness in distribution of funds. The Division of Education Support Services, Office of School Finance, administers the following formula programs: Foundation Program, Tuition Students, and Boarding Home Grants. The Division of Teaching and Learning Support administers Youth in Detention, Schools for the Handicapped, and Community Schools programs.

BRU Goals and Strategies

- * Provide timely, accurate payments to school districts.
- * Provide financial assistance to school districts through formula programs.
- * Improve quality and consistency of reported data.

Key BRU Issues for FY2002 – 2003

PUBLIC SCHOOL FUNDING PROGRAM

The governor's budget fully funds the FY2003 public school foundation program. In addition, the Governor is supporting the year two recommendations of the Education Funding Task Force to increase the base student allocation from the current \$4,010 to \$4,118 per adjusted ADM. The Governor will introduce legislation to increase the base student allocation at a cost of approximately \$23 million. Schools need resources to help students meet higher academic standards in reading, writing, and mathematics and to be held accountable for their students performance.

Quality Schools Grants

The Quality Schools Grant is part of the state's public school funding program to help students meet higher academic standards in reading, writing, and mathematics. Student achievement needs to be measured against rigorous standards in these areas at appropriate age levels. The Quality Schools Grants provide resources to schools and school districts to develop intervention plans and programs for students at risk of not meeting these standards. If a student is not making adequate progress, swift and intensive intervention is needed to get the student back on track.

The Governor will request an increase in the statutory amount of the Quality Schools Grant from \$16 to \$74 per adjusted Average Daily Membership. This recommendation comes from the Education Funding Task Force A+ Amended report and is based on the one-time funding approved by the legislature in FY2002 for learning opportunity grants. Improvement in student performance requires a continuous commitment to providing the resources to ensure that all students meet high academic standards. Including this funding in the annual foundation program will allow school districts to plan for and provide meaningful programs to ensure that students at risk of not meeting standards will be able to reach them at the appropriate age levels.

Major BRU Accomplishments in 2001

Worked with the governor's Education Funding Task Force in developing a five-year financing plan for providing school districts with the resources to ensure that all our students are meeting high academic standards. This plan was utilized extensively during the 2001 legislative session.

Completed statutorily required reports to the legislature on implementing the public school funding program passed in

1998. The new formula substantially changed how funding is allocated among school districts in Alaska. The reports include a comparison on the per school funding in the new formula to the use of funding communities in the old funding formula including a thorough review of educational adequacy in the schools of Alaska.

K-12 Support
BRU Financial Summary by Component

All dollars in thousands

	FY2001 Actuals				FY2002 Authorized				FY2003 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<u>Formula Expenditures</u>												
Foundation Program - Language	0.0	0.0	0.0	0.0	12,372.0	0.0	0.0	12,372.0	12,372.0	0.0	0.0	12,372.0
Foundation Program	643,179.4	20,791.0	8,415.6	672,386.0	651,409.0	20,791.0	11,812.8	684,012.8	644,549.9	20,791.0	12,478.5	677,819.4
Tuition Students	2,225.0	0.0	0.0	2,225.0	2,225.0	0.0	0.0	2,225.0	2,625.0	0.0	0.0	2,625.0
Boarding Home Grants	167.3	0.0	0.0	167.3	185.9	0.0	0.0	185.9	185.9	0.0	0.0	185.9
Youth in Detention	1,100.0	0.0	0.0	1,100.0	1,100.0	0.0	0.0	1,100.0	1,100.0	0.0	0.0	1,100.0
Schools for the Handicapped	4,231.5	0.0	0.0	4,231.5	4,315.3	0.0	0.0	4,315.3	4,482.1	0.0	0.0	4,482.1
Community Schools	500.0	0.0	0.0	500.0	500.0	0.0	0.0	500.0	500.0	0.0	0.0	500.0
<u>Non-Formula Expenditures</u>												
None.												
Totals	651,403.2	20,791.0	8,415.6	680,609.8	672,107.2	20,791.0	11,812.8	704,711.0	665,814.9	20,791.0	12,478.5	699,084.4

K-12 Support

Proposed Changes in Levels of Service for FY2003

Public School Funding Program

The governor's budget fully funds the FY2003 public school funding program. The FY03 adjusted average daily membership is projected to increase by only 482.23. Although the basic need and other formula adjustments increase by \$867.1, the level of state aid is reduced due to an increase in required local contribution of (\$5,916.6) and the continuing erosion of the funding floor at (\$1,143.9), for a total reduction of (\$6,193.4) from FY02 Authorized. An increase in Public School Trust Fund revenues available in FY03 of \$665.7 further reduces the general funds needed to fund the current entitlement under the public school funding program.

Based on the year 2 recommendations of the Education Funding Task Force, the governor is proposing legislation to increase the base student allocation in the public school funding program and the amount of learning opportunity grants within the school funding program. This legislation will invest \$23 million in education and include funding for direct student intervention programs, approximately \$12.3 million, within the formula so that school districts can plan and implement effective intervention programs on an annual basis.

The following chart highlights the changes in the Public School Funding Program from FY2002 Authorized to FY2003 Projected Entitlements.

	FY2002 Authorized	FY2003 Projected	Difference
Regular ADM	123,627.62	123,821.09	193.47
Correspondence ADM	9,676.85	9,634.25	(42.60)
Total ADM	133,304.47	133,455.34	150.87
Adjusted ADM	211,439.92	211,922.15	482.23
Basic Need	\$849,043.4	\$849,807.8	\$764.4
Required Local Effort	(156,051.8)	(161,968.4)	(5,916.6)
Deductible Impact Aid	(50,817.5)	(50,722.6)	94.9
Supplemental Funding Floor	12,359.6	11,215.7	(1,143.9)
Quality Schools Grant	3,383.0	3,390.8	7.8
Military Flow Through and Other	26,096.1	26,096.1	0.0
Totals	\$684,012.8	\$677,819.4	(\$6,193.4)
Funding Sources			
1004 General fund	651,409.0	644,549.9	(6,859.1)
1043 P/L 81-874	20,791.0	20,791.0	-
1066 Public School	11,812.8	12,478.5	665.7
Total	684,012.8	677,819.4	(6,193.4)
Learning Opportunity Grants	12,372.0	12,372.0	0.0

Tuition Students

An increase in the number of children who are wards of the state is projected to increase the funding necessary to compensate individual school districts for loss of revenue in serving those students. The governor's budget includes an additional \$400,000 in FY2003 for a total of \$2,625,000 for tuition students.

Schools for the Handicapped

The \$150,000 increase under Schools for the Handicapped provides funding for the cost of the educational program at out-of-state institutions serving seriously disturbed youth who cannot receive appropriate treatment in state.

K-12 Support
Summary of BRU Budget Changes by Component
From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	672,107.2	20,791.0	11,812.8	704,711.0
Adjustments which get you to start of year:				
-Foundation Program - Language	12,372.0	0.0	0.0	12,372.0
Adjustments which will continue current level of service:				
-Foundation Program - Language	-12,372.0	0.0	0.0	-12,372.0
Proposed budget decreases:				
-Foundation Program	-6,859.1	0.0	665.7	-6,193.4
Proposed budget increases:				
-Tuition Students	400.0	0.0	0.0	400.0
-Schools for the Handicapped	166.8	0.0	0.0	166.8
FY2003 Governor	665,814.9	20,791.0	12,478.5	699,084.4